

Congratulations to Bob!

Bob just became a new board member for his HOA!



Goals

Resources

People

NRS116

Duties



Bob's ready to go..... but first....Bob must do the following:

Can anyone guess and help Bob ?

Read the HOA's Governing Documents

Read NRS116 statues



Registered with
Ombudsman Office

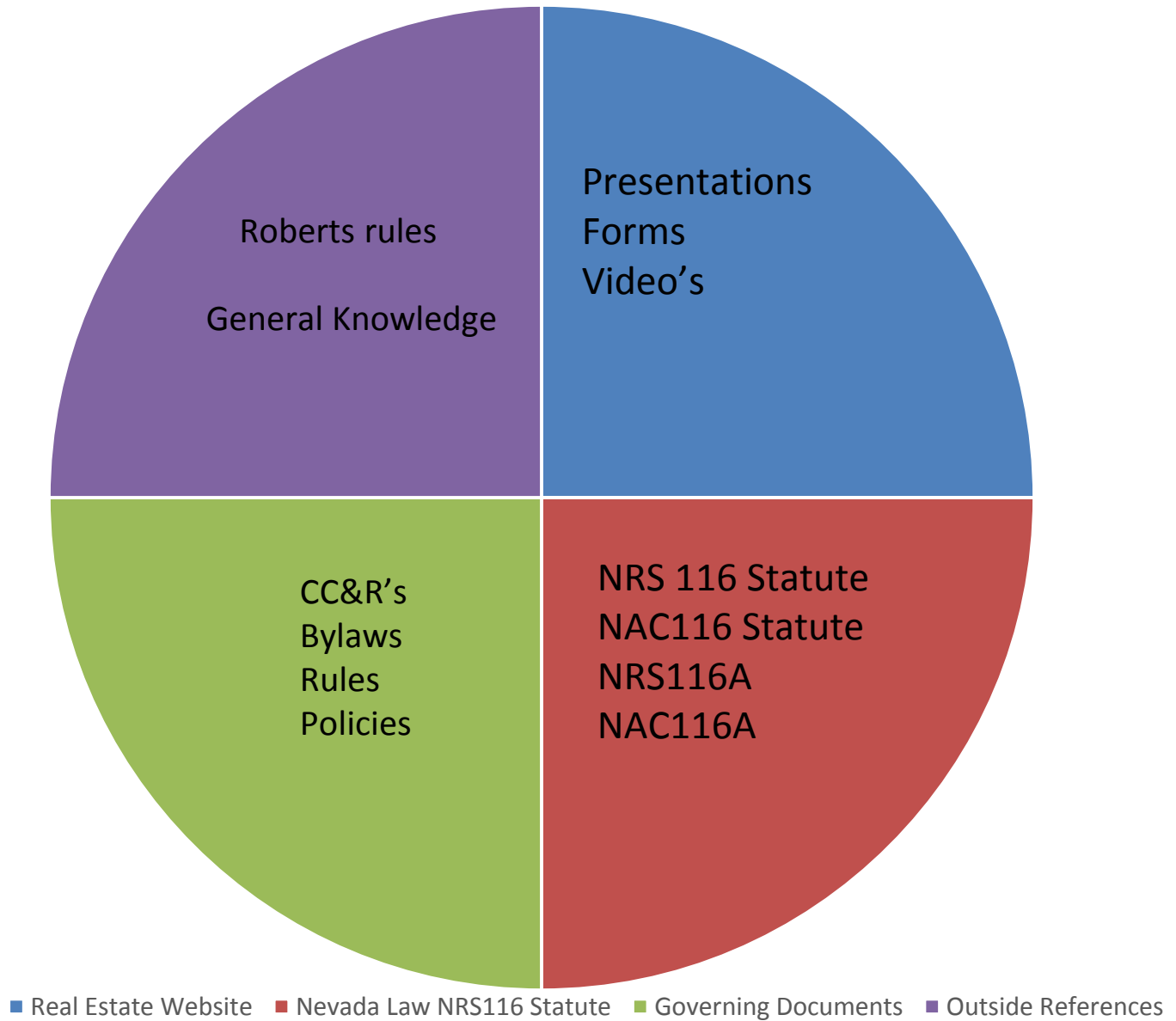
Read & Understands Governing Documents , NRS116

Each member of the executive board shall, within 90 days after his or her appointment or election, certify in writing to the association, on a form prescribed by the Administrator, that the member **has read and understands the governing documents of the association and the provisions of this chapter to the best of his or her ability.** The Administrator may require the association to submit a copy of the certification of each member of the executive board of that association at the time the association registers with the Ombudsman pursuant to [NRS 116.31158.](#)

Steps to being a successful board member!



Informational Resources



WWW.RED.STATE.NV.US

1. Registration Forms

Annual Association Registration

- Form 562

Initial Association Registration (first-time registrants)

- Form 603

Executive Board Declaration (for ALL Board Members. To be completed within 90 days after an election)

- Form 602

Registration Changes after Annual Filing

- Form 623

2. CANDIDACY DISCLOSURE STATEMENT -Form 850

- Make a good faith effort to disclose any financial, business, professional or personal relationship
- Disclose whether or not the candidate is a member in good standing

*Click on forms link

WWW.RED.NV.GOV

Educational Information

Video:

Elections

Reserve Study

Financial Analysis

PowerPoint Presentations:

HOA overview

Records & record keeping

Community Managers

Homeowners & Board Responsibilities

Governing Documents

Roberts Rules

Violations

Fast Reference Guides

WWW.RED.NV.GOV

CIC Manual:

Chapter One: Common-Interest Community and Association Basics

Chapter Two: Governing Documents

Chapter Three: HOA Officers In CIC's

Chapter Four: Elections

Chapter Five: Meetings

Chapter Six: The Board of Directors

Chapter Seven: Records and Record Keeping

Chapter Eight: Community Managers

FAQ's

Calendars

Publications

State of Nevada Statues

Nevada Revised Statutes (NRS) are laws that are enacted by the legislature. Changes to these laws may only be made through legislative action. .

Nevada Administrative Code (NAC) are the regulations that outline how laws are administered.

NRS 116	Common-Interest Communities
NRS116A	Community Association Managers
NAC116	Nevada Administration Code
NAC116A	Nevada Administration Code
NRS81, 82	Corporate Law
NRS38	Alternative Dispute Resolution
NRS40	Construction Defects
NRS118	Discrimination in Housing
NRS118A	Landlord/Tenant
NRS487	Towing Vehicles
	City, County, local codes & ordinances

Can you help Bob with the following questions ?

1. The units' owners shall elect an executive board of at least three members, all of whom must be units' owners.

2. The executive board shall elect the officers of the association. Unless the governing documents provide otherwise, the officers of the association are not required to be units' owners. .

3. The bylaws of the association must:
 - (a) Provide the number of members of the executive board and the titles of the officers of the association;
 - (b) Provide for election by the executive board of a president, treasurer, secretary and any other officers of the association the bylaws specify;
 - (c) Specify the qualifications, powers and duties, terms of office and manner of electing and removing officers of the association and members of the executive board and filling vacancies;
 - (d) Specify the powers the executive board or the officers of the association may delegate to other persons or to a community manager;

Can you help Bob with these answers?

4. The three regular positions of the board includes the President and Secretary and Treasurer.

5. A meeting of the executive board must be held at least once every quarter, and not less than once every 100 days and must be held at a time other than during standard business hours at least twice annually. True or False?

TRUE

6. If an association solicits bids for an association project, the bids must be opened during a meeting of the executive board.
True or False?

TRUE

7. The association shall maintain, to the extent reasonably available and subject to reasonable deductibles: What three types of insurance

Property

Crime

Commercial general liability

Give a cheer! Bob on becoming the President of the HOA!





I understand the executive **board** acts on behalf of the association

Can you explain who I deal with and about my executive powers ?

NRS 116.3103 Power of executive board to act on behalf of association

(a) Are required to exercise the ordinary and reasonable care of officers and directors of a nonprofit corporation, subject to the business-judgment rule; and

(b) Are subject to conflict of interest rules governing the officers and directors of a nonprofit corporation organized under the law of this State

People involved in the HOA

Can you name a few?

Unit
owners

Community
Manager

Contractors

Reserve Study
Specialist

Business
Professionals



I could sure use a checklist of important areas of concern, here is a list I put together.



1. Expectations of Members
2. Allowable Actions
3. NRS Meeting Requirements
4. Reporting Requirements
5. Compliance

Expectations of Executive Board Members

Duty of Care

- Act in the best interest of the association.
- Exercise ordinary and reasonable care
- Identify risks and adopt policies to prevent harm
- Failure to act may be a breach

Business

- Business-judgment rule
- Would an ordinarily prudent person make a similar decision under similar circumstances
- Act on an informed basis
- Research the topic before making a decision.
- Use experts
- Know your limitations. Ask an expert.
- Confidentiality-Do not discuss privileged information – ever

Disclosure

- Disclose any and all potential/actual conflicts of interest
- A director cannot provide paid services to the association
- Disclose relationships with potential providers
- Do not accept gifts, rewards, incentives, gratuities

Powers of the Board????

- A. Amend the declaration
- B. Hire landscaper
- C. Prohibit unit owners from attending executive closed session
- D. Hire a new community managers
- E. May regulate the use, maintenance, repair, replacement and modification of common elements
- F. Stop a unit owner from voting
- G. Prepare and adopt budgets
- H. May make contracts and incur liabilities
- I. Terminate the common-interest community
- J. Prohibit a unit owner from making a comment at a meeting
- K. Unless the governing documents provide a vacancy on the executive board can be appointed by board

Allowable Acts



B C D E F
G H K

Prohibited Acts



A I J

**NRS 116.31031 allows board to prohibit owner from voting

Board members actions should **always** do the following:

- (a) Comply with all applicable federal, state and local laws and regulations and the governing documents of the association;
- (b) Uniformly enforce the governing documents of the association;
- (c) Hold meetings of the executive board with such frequency as to properly and efficiently address the affairs of the association;
- (d) Obtain, when practicable, at least three bids from reputable service providers who possess the proper licensing before purchasing any such service for use by the association;
- (e) Consult with appropriate professionals as necessary before making any major decision affecting the association or the common elements;

Board members actions **in reference to financials:**

Maintain **current, accurate** and properly documented **financial records**;

Establish policies and procedures for the disclosure of **potential conflicts of interest** and the appropriate manner by which to resolve such conflicts;

Establish policies and procedures that are designed to provide reasonable assurances in the **reliability of financial reporting, including, without limitation, proper maintenance of accounting records**, documentation of the authorization for receipts and disbursements, verification of the **integrity of the data** used in making business decisions, facilitation of fraud detection and prevention, and compliance with the applicable laws and regulations governing financial records;

Make available books, records

The executive board of an association shall, upon **the written** request of a unit's owner, make available the books, records and other papers of the association for review at the business office of the association or a designated business location not to exceed 60 miles from the physical location of the common-interest community and during the regular working hours of the association, including, without limitation:

- (a) The financial statement of the association;
- (b) The budgets of the association required to be prepared pursuant to [NRS 116.31151](#);
- (c) The study of the reserves of the association required to be conducted pursuant to [NRS 116.31152](#); and
- (d) All contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party.

The executive board shall provide a copy of any of the records described in paragraphs (a), (b) and (c) of subsection 1 to a unit's owner or the Ombudsman **within 21 days** after receiving a written request therefor

FYI: Requests for records (Do not apply)

Do not apply to:

- (a) The **personnel records of the employees** of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;
- (b) The **records of the association relating to another unit's owner**, including, without limitation, any architectural plan or specification submitted by a unit's owner to the association during an approval process required by the governing documents, except for those records described in subsection 5; and
- (c) Any document, including, without limitation, minutes of an executive board meeting, a reserve study and a budget, if the document:
 - (1) **Is in the process of being developed** for final consideration by the executive board; and
 - (2) **Has not been placed on an agenda** for final approval by the executive board.

Request for Records from the Ombudsman

If the executive board refuses to allow a unit's owner to review the books, records or other papers of the association, the Ombudsman may:

(a) On behalf of the unit's owner and upon written request, review the books, records or other papers of the association during the regular working hours of the association; and

(b) If the Ombudsman is denied access to the books, records or other papers, request the Commission, or any member thereof acting on behalf of the Commission, to issue a subpoena for their production.

Just a reminder!

The books, records and other papers of an association must be maintained for at least 10 years!

*except meeting minutes which must be maintained till the termination of the common-interest community

Determine Fiduciary Responsibilities

Acted outside the scope of the authority granted in the governing documents;

Acted for reasons of self-interest, gain, prejudice or revenge;

Committed an act or omission which amounts to incompetence, negligence or gross negligence;

Except as otherwise required by law or court order, disclosed confidential information relating to a unit's owner, a member of the executive board or an officer, employee or authorized agent of the association unless the disclosure is consented to by the person to whom the information relates;

Duties-Investigations

Impeded or otherwise interfered with an investigation of the Division by:

(a) Failing to comply with a request by the Division to provide information or documents;

(b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or

(c) Concealing any facts or documents relating to the business of the association;

Kept informed of laws, regulations and developments relating to common-interest communities;

Cooperated with the Division in resolving complaints filed with the Division; and

Bob asked the following questions . Can you help him out?

Are the following statements true or false?

1. All members of an executive board or officer of an association shall receive, in the aggregate, any gift, incentive, gratuity, reward or other item of value pursuant to subsection 2 of [NRS 116.31185](#) in any calendar year which exceeds the sum of \$100.

FALSE! **No member** of an executive board or officer of an association shall receive, in the aggregate, any gift, incentive, gratuity, reward or other item of value pursuant to subsection 2 of [NRS 116.31185](#) in any calendar year which exceeds the sum of \$100.

2. A board member can take retaliatory action towards a unit owner if
(a) Complained in good faith about any alleged violation of any provision of this chapter or the governing documents of the association

FALSE! **NRS 116.31183 Retaliatory action prohibited; separate action by unit's owner.** An executive board, a member of an executive board association **shall not** take, a community manager or an officer, employee or agent of an, or direct or encourage another person to take, any retaliatory action against a unit's owner because the unit's owner has:

(a) Complained in good faith about any alleged violation of any provision of this chapter or the governing documents of the association;

Is there information I should know about when working with the community manager?

Hi I am
April
Sunshine



Yes , Bob I have standards of practice I must follow!



NRS 116A.630 Standards of practice for community managers. In addition to the additional standards of practice for community managers adopted by the Commission, by regulation pursuant to [NRS 116A.400](#), a community manager shall:

1. Except as otherwise provided by specific statute, at all times:
 - (a) Act as a fiduciary in any client relationship; and
 - (b) Exercise ordinary and reasonable care in the performance of duties.
2. Comply with all applicable:
 - (a) Federal, state and local laws, regulations and ordinances; and
 - (b) Lawful provisions of the governing documents of each client.
3. Keep informed of new developments in the management of a common-interest community through continuing education, including, without limitation, new developments in law, insurance coverage and accounting principles.
4. Advise a client to obtain advice from an independent expert relating to matters that are beyond the expertise of the community manager.
5. Under the direction of a client, uniformly enforce the provisions of the governing documents of the association.



I work for
your
association

Ensure that:

- The financial transactions of a client are current, accurate and properly documented
- Proper maintenance of **accounting records**
- Documentation of the authorization for any purchase orders, expenditures or disbursements
- Provide notice to each unit's owner that the executive board is aware of all legal requirements pursuant to the applicable laws and regulations
- Obtain, **when practicable, at least three qualified bids for any capital improvement** project for the client.
- **Develop written collection policies**, approved by the executive board, to comply with all applicable federal, state and local laws
- Prepare or cause to be prepared interim and annual financial statements
- Upon written request, **make the financial records of an association available to the units' owners** electronically or during regular business hours



Here is a list of documents you might review.

1. Association Bylaws
2. Community Managers Contract
3. Association's Insurance Policy
4. Any complaints against association
5. Association Budget
6. Contractors agreements
7. Current Reserve Study

Thanks April I will get right on it



Executive Meeting Top Ten



NRS 116.31083 Meetings of executive board

1. At least once every quarter, and not less than once every 100 days
2. Must be held at a time other than during standard business hours at least twice annually.
3. Not less than 10 days before the date of a meeting of the executive board, cause notice of the meeting to be given to the units' owners
4. Notice of a meeting of the executive board must state the time and place of the meeting and include a copy of the agenda
5. The notice must include notification of the right of a unit's owner to: Have a copy of the audio recording, the minutes or a summary of the minutes of the meeting provided to the unit's owner upon request, in electronic format at no charge to the unit's owner

*Can charge for the cost of a CD

Executive Meeting Top Ten



**NRS 116.31083 Meetings of
executive board**

6. The unit owner can speak to the association or executive board, unless the executive board is meeting in executive session.

7. The agenda of the meeting of the executive board. A period required to be devoted to comments by the units' owners, those comments must be limited to items listed on the agenda.

8. At least once every quarter, the executive board shall review, at a minimum, the following financial information at one of its meetings:

A current year-to-date financial statement of the association;

(b) A current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts;

(c) A current reconciliation of the operating account of the association;

Executive Meeting Top Ten



NRS 116.31083 Meetings of executive board

8. At least once every quarter, the executive board shall review, at a minimum, the following financial information at one of its meetings:

A current year-to-date financial statement of the association;

(d) A current reconciliation of the reserve account of the association;

(e) The latest account statements prepared by the financial institutions in which the accounts of the association are maintained; and

(f) The current status of any civil action or claim submitted to arbitration or mediation in which the association is a party

9. Not more than 30 days after each such meeting, shall cause the audio recording of the meeting, the minutes of the meeting and a summary of the minutes of the meeting to be made available to the units' owners

10. the minutes of each meeting of the executive board must include The date, time and place of the meeting, members present and absent, any votes

What about executive sessions?



Closed Meetings (Executive Session)

- To hold a hearing on an alleged violation of the governing documents (unit owner may request an open meeting)
 - Consult with the attorney for the association on matters relating to proposed or pending litigation
 - Discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association.
 - Discuss the alleged failure of a unit's owner to adhere to a schedule
- *An executive board **may not** meet in executive session to open or consider bids for an association project

I can help you
with that
question



What about the new laws?



New 2015 Statutes

Senate Bill 154- requiring adoption of regulations
Concerning continuing education requirements

Senate Bill 174- governing eligibility of executive
Members

Senate Bill 306-revising provisions in regard to
Foreclosure and right to redemption

Senate Bill 389-incorporating amendments to
The Uniform Common-Interest Ownership Act
Into Condominium Act

What about the new laws?



New 2015 Statutes

Assembly Bill 125 - Prohibiting a homeowners association from pursuing an action for a constructional defect unless the action pertains exclusively to the common elements of the association

Assembly Bill 141- **removes** a provision that requires a copy of the notice of default and election to sell to be mailed to holders of certain security interests **only if such holders have notified the association** of the existence of the security interest 30 days before the recordation of the notice

What about the new laws?

New 2015 Statutes

Assembly Bill 192- revising provisions concerning a period of declarant's control and election of Board members

Assembly Bill 238 –revising provisions relating to the solicitation of bids

Assembly Bill 301- ability to fly Nevada State flag

Assembly Bill 474 –allowing creation of regulations for certain HOA fees



Meeting Information & Committees

Disrupting a Meeting

- Governing documents
 - Check for “behavioral” provisions
- Code of conduct
 - Integrate with parliamentary procedures
 - Have all owner’s review and agree
 - Manage expectations



Disrupting a Meeting

- NRS 203.090 – Disturbing a meeting
 - Every person who, without authority of law, shall willfully disturb any assembly or meeting not unlawful in its character, shall be guilty of a misdemeanor
- NRS 116.31184
 - Threats and harassment prohibited,
 - Action that causes harm or serious emotional distress, or the reasonable apprehension thereof
 - Action that creates a hostile environment
 - Violation is a misdemeanor
 - Reportable to law enforcement



Disrupting a meeting

- Minor offenses
 - Rebuke by the chair, instructions
- More serious offenses
 - Warning by the chair
 - Call the member to order
 - Put the question to the members
 - Shall the member be allowed to continue speaking?
- Grave breach of order
 - “Naming” the offender by the chair
 - Any member can call for a penalty
 - Apology, censure, expulsion
- Call for a recess
- Adjourn the meeting



Committees

- A committee can do only what the organization asks it to do, cannot work independently of the organization
- The bylaws should state who has the power to appoint members of the committee
- Secretary lets members know of their appointment
- If a motion is referred to committee, the secretary needs to give the chairman a copy of the motion and the instructions that go with it

Henry M. Robert (1837–1923). Robert's Rules of Order Revised. 1915.
52. Committees, Special and Standing. <http://www.bartleby.com/176/52.html>

Committees

Standing Committee

Considered permanent part of organization

The purpose of the committee and its functions and duties do no change

Ex: finance, membership, program

Henry M. Robert (1837–1923). Robert's Rules of Order Revised. 1915.
52. Committees, Special and Standing. <http://www.bartleby.com/176/52.html>

Committees

Special Committee

To perform a specific task

Dissolved when task is completed and final report given

Function: to investigate or carry out what assembly has adopted

Henry M. Robert (1837–1923). Robert's Rules of Order Revised. 1915.
52. Committees, Special and Standing. <http://www.bartleby.com/176/52.html>

Committees

Committee Chairman

Most important member of committee

Responsible for calling the meetings

Overseeing all the work

Completing the work

Most chairman are appointed by either the president or an executive board

Committees

Committee Chairman Characteristic's

- Enthusiastic
- Has to time to devote to the committee
- Knows how to do the work
- Able to work with others
- Inspire others to do the work

Committee work is teamwork not a one-man band

http://westsidetoastmasters.com/resources/roberts_rules/chap13.html

Committees

Committee Rules of Assembly

Motions to close or limit debate are not allowed

No limit on the times a member can speak

Not necessary to rise and address the chair

Unless agreed by general consent, all questions must be put to a vote

Reconsideration of the vote is possible , but it shall require a two-thirds vote for its adoption

Henry M. Robert (1837–1923). Robert's Rules of Order Revised. 1915.
52. Committees, Special and Standing. <http://www.bartleby.com/176/52.html>

“Official publication” means:

- (1) An official website;
- (2) An official newsletter or other similar publication that is circulated to each unit's owner; or
- (3) An official bulletin board that is available to each unit's owner.

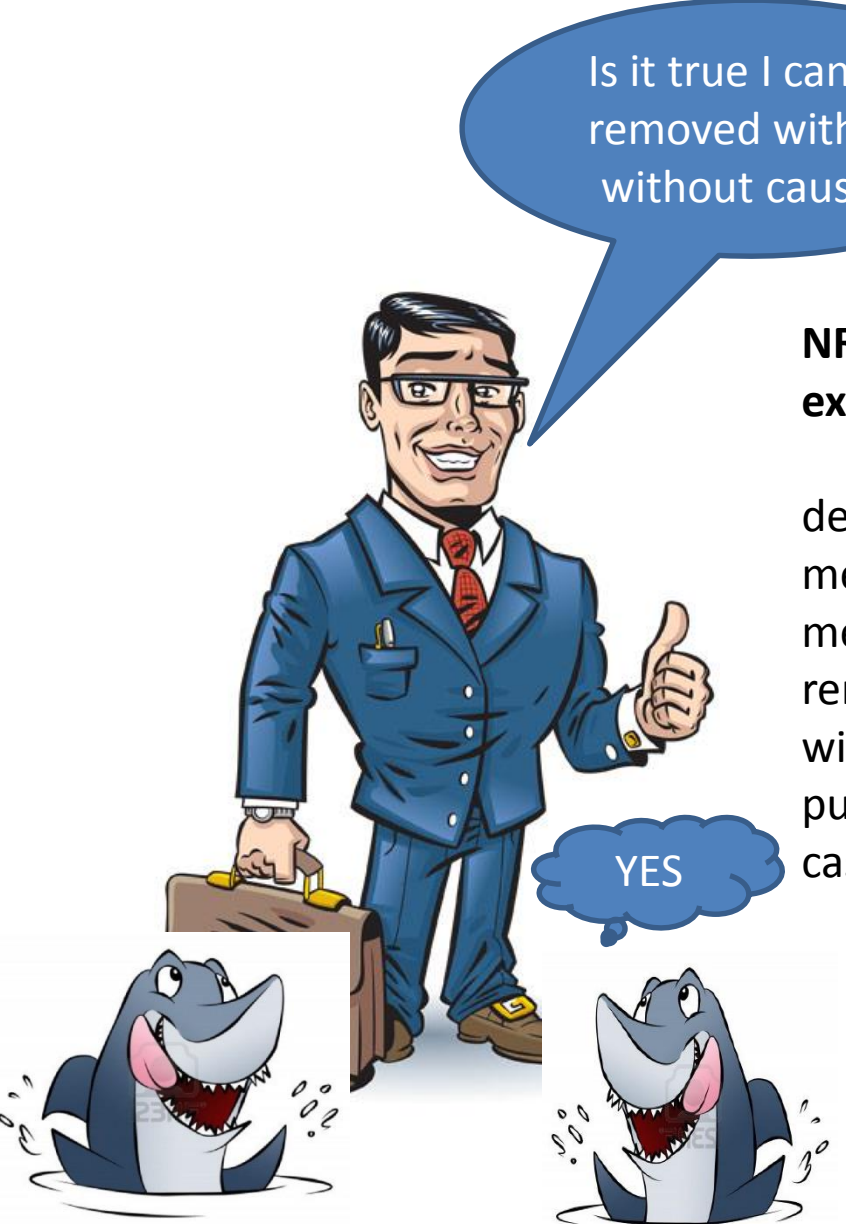
Compliance and Violation Hearings

Conduct hearings

- ▶ Impact of SB 130 (1/1/14)
- Potential violations of the governing documents.
- Closed meetings unless the unit owner requests an open meeting.
- Due process
- Notice of violation, including detailed description and proposed action to cure, clear, detailed photograph
- Opportunity to correct
- Right to a hearing, date time, location, amount of fine
- Notice of outcome
- Deliberations are closed.

We can't
forget this
information!





Is it true I can be removed with or without cause?

NRS 116.31036 Removal of member of executive board.

1. Notwithstanding any provision of the declaration or bylaws to the contrary, any member of the executive board, other than a member appointed by the declarant, may be removed from the executive board, with or without cause, if at a removal election held pursuant to this section, the number of votes cast in favor of removal constitutes:

YES

NRS 116.31036 Removal of member of executive board.

2. A removal election may be called by units' owners constituting at least 10 percent, or any lower percentage specified in the bylaws, of the total number of voting members of the association. To call a removal election, the units' owners must submit a written petition which is signed by the required percentage of the total number of voting members of the association pursuant to this subsection and which is mailed, return receipt requested, or served by a process server to the executive board or the community manager for the association (1) The secret written ballots for the removal election must be sent in the manner required by this section not less than 15 days or more than 60 days after the date on which the petition is received; and

(2) The executive board shall set the date for the meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots and not later than 90 days after the date on which the petition was received.

(b) The voting rights of the owners of time shares will be exercised by delegates or representatives as set forth in [NRS 116.31105](#), the executive board shall set the date for the removal election so that the removal election is held not less than 15 days or more than 90 days after the date on which the petition is received.

Ê The association shall not adopt any rule or regulation which prevents or unreasonably interferes with the collection of the required percentage of signatures for a petition pursuant to this subsection.

3. The removal of any member of the executive board must be conducted by secret written ballot

Board Protection

► Indemnification (**NRS 116.3102 Powers of unit-owners' association; limitations**)

May provide for the indemnification of its officers and executive board and maintain directors and officers liability insurance

NRS 116.31037 Indemnification and defense of member of executive board. If a member of an executive board is named as a respondent or sued for liability for actions undertaken in his or her role as a member of the board, the association shall indemnify the member for his or her losses or claims, and undertake all costs of defense, unless it is proven that the member acted with willful or wanton misfeasance or with gross negligence. After such proof, the association is no longer liable for the cost of defense, and may recover costs already expended from the member of the executive board who so acted.

(Added to NRS by [2011, 2414](#))

Summary Review Questions

True or False



1. Each member of the executive board shall, within 90 days, certify in writing, that the member has read and understands the governing documents of the association and the provisions of this chapter to the best of his or her ability.

TRUE

2. New Board members can view video's and power point presentation at the website www.red.state.nv.us ?

TRUE

3. NRS116 and NRS116A provides all the answers on how to live and run an HOA.

FALSE

4. The board members take all directions from the community manager on how to run the HOA.

FALSE

5. A new board member should review financial reports, records , contracts when they are new to the position.

TRUE

6. The board members can list on the agenda items for executive session if they don't want to deal with unit owners..

FALSE

7. A board member can be removed with or without cause.

TRUE

8. Community managers only have to follow the NRS **116A.630** standards of practice , if it is listed the contract with the association.

FALSE

This is a general education class based on NRS 116 and related laws and regulations. It is not intended to provide legal advice. The instructor cannot comment on specific cases.

Disclaimer

If you feel that there has been an violation of your governing documents or NRS116, you are able to file a complaint with the Ombudsman office

Resources of clip art

1. <http://www.123rf.com/search.php?word=cartoon+character&start=200&searchopts=&itemsperpage=100>
2. <https://purgatoryblog.files.wordpress.com/2014/01/7920893-a-hungry-cartoon-shark-splashing-in-the-water.jpg>
3. <https://www.google.com/search?q=images+of+a+bookworm>
4. <http://vectorcharacters.net/business-vector-characters/attractive-business-woman-vector-character>

Reference Slides

NRS 116.3102 Powers of unit-owners' association; limitations

(a) Shall adopt and, except as otherwise provided in the bylaws, may amend bylaws and may adopt and amend rules and regulations.

(b) Shall **adopt and may amend budgets** in accordance with the requirements set forth in [NRS 116.31151](#), may collect assessments for common expenses from the units' owners and may invest funds of the association in accordance with the requirements set forth in [NRS 116.311395](#).

(c) May **hire and discharge managing agents** and other employees, agents and independent contractors.

(e) May **make contracts and incur liabilities**. Any contract between the association and a private entity for the furnishing of goods or services must not include a provision granting the private entity the right of first refusal with respect to extension or renewal of the contract.

(f) **May regulate the use, maintenance, repair, replacement** and modification of **common elements**.

(g) May cause additional improvements to be made as a part of the common elements.

(j) May impose and receive any payments, fees or charges for the use, rental or operation of the common elements,

Allowable Actions

NRS 116.3102 Powers of unit-owners' association

3. The executive board **may determine whether to take enforcement** action by exercising the association's power to impose sanctions or commence an action for a violation of the declaration, bylaws or rules, including whether to compromise any claim for unpaid assessments or other claim made by or against it. The executive board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:

- (a) The association's legal position does not justify taking any or further enforcement action;
- (b) The covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with current law;
- (c) Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the association's resources; or
- (d) It is not in the association's best interests to pursue an enforcement action.

4. The executive board's decision under subsection 3 not to pursue enforcement under one set of circumstances does not prevent the executive board from taking enforcement action under another set of circumstances, but the executive board **may not** be arbitrary or capricious in taking enforcement action.

NAC 116.451 Preparation, contents and distribution of interim financial statements. ([NRS 116.31142](#), [116.615](#)) The interim financial statements of an association may be prepared using fund accounting or a single-column presentation and must:

1. Include, at a minimum, a month-to-date and year-to-date presentation of:

(a) The balance sheet, including operating and reserve for future repairs and replacement assets, liabilities and fund balances or members' equity if a single-column format is used;

(b) The statement of revenues and expenses for all operating and reserve activities, presenting information about all assessments, revenues and expenses;

(c) A schedule comparing the details of the actual expenses of the association with the expenses budgeted for the association;

(d) Any changes in the fund balances to be presented on the statement of revenues and expenses if fund accounting is used; and

(e) A footnote which states that the association is in compliance with paragraph (b) of subsection 2 of [NRS 116.3115](#) and that reserve funds have not been used for daily maintenance.

2. Be prepared on a full accrual basis.

3. Be prepared by, or the preparation of the interim financial statements must be supervised by, a person with accounting knowledge and experience in the preparation of financial statements

Board Members Knowledge Guide

www.red.state.nv.us (Nevada Real Estate Division Website)

Video Tutorials

Elections, What is a Reserve Study, Financial Analysis

Class Presentations

An Overview of HOA Living, Executive Board Responsibilities, Executive Board Officers

Homeowners Responsibilities, Community Association Managers, Record Keeping
HOA Budgets, CC&R Violations/Fines/Collections

Association Meetings, Parliamentary Procedures, NRS 116 Overview

Reserve Studies, Intervention Affidavit

Training Power points (2014-2015)

HOA Review, Roberts Rules, Governing Documents

Social Media/Twitter, Record/Recordkeeping

Board Members Knowledge Guide

Fast Reference NRS statutes

NRS 116.045 “Executive board” defined

NRS 116.12065 Notice of changes to governing documents

NRS 116.2117 Amendment of declaration

NRS 116.3103 Power of executive board to act on behalf of association; members and officers are fiduciaries; duty of care; application of business-judgment rule and conflict of interest rules; limitations on power

NRS 116.3102 Powers of unit-owners’ association; limitations.

**NRS 116.310305 Power of executive board to impose construction penalties for failure of
unit’s owner to adhere to certain schedules relating to design,
construction, occupancy or
use of unit or improvement.**

NRS 116.31031 Power of executive board to impose fines and other sanctions for violations of governing documents; limitations; procedural requirements; continuing violations; collection of past due fines; statement of balance owed

Board Members Knowledge Guide

Good to know NRS116 statutes

NRS 116.310312 Power of executive board to enter grounds of unit to conduct certain maintenance or remove or abate public nuisance; notice of security interest and hearing required; imposition of fines and costs; lien against unit; limitation on liability.

NRS 116.310313 Collection of past due obligation; charge of reasonable fee to collect.

NRS 116.31034 Election of members of executive board and officers of association; term of office of member of executive board

NRS 116.31036 Removal of member of executive board.

NRS 116.31037 Indemnification and defense of member of executive board

NRS 116.3106 Bylaws.

Good to know NRS116 Statutes

NRS 116.31065 Rules.

NRS 116.3108 Meetings of units' owners of association; frequency of meetings

NRS 116.31083 Meetings of executive board; frequency of meetings; periodic review of certain financial and legal matters at meetings

NRS 116.31084 Voting by member of executive board; disclosures; abstention from voting on certain matters

NRS 116.31085 Right of units' owners to speak at certain meetings; limitations on right; limitations on power of executive board to meet in executive session

NRS 116.31087 Right of units' owners to have certain complaints placed on agenda of meeting of executive board.

NRS 116.3109 Quorum

NRS 116.3114 Surplus funds

NRS 116.31144 Audit and review of financial statements.

NRS 116.31151 Annual distribution to units' owners of operating and reserve budgets or summaries of such budgets and policy for collection of fees, fines, assessments or costs; ratification of budget.

NRS 116.31152 Study of reserves; duties of executive board regarding study; qualifications of person who conducts study; contents of study

Good to know NRS116 Statutes

NRS 116.31175 Maintenance and availability of books, records and other papers of association: General requirements

NRS 116.31184 Threats, harassment and other conduct prohibited; penalty.

NRS 116.31189 Bribery of community manager or member of executive board; penalties; exceptions.

NRS 116.335 Association prohibited from requiring unit's owner to obtain approval to rent or lease unit; exceptions.

NRS 116A.620 Management agreement: Contents; requirements; community manager to provide executive board with evidence of insurance; community manager to provide executive board with copy; changes; termination or assignment.

NRS 116A.630 Standards of practice for community managers

NRS 116A.640 Community manager prohibited from engaging in certain acts; exceptions

NRS 116.3116 Liens against units for assessments

NRS 116.311635 Foreclosure of liens: Providing notice of time and place of sale; service of notice of sale; contents of notice of sale; proof of service.

Preparation, contents and distribution of interim financial statements

NAC 116.451 Preparation, contents and distribution of interim financial statements:

The interim financial statements of an association may be prepared using fund accounting or a single-column presentation and must:

1. Include, at a minimum, a month-to-date and year-to-date presentation of:
 - (a) The balance sheet, including operating and reserve for future repairs and replacement assets, liabilities and fund balances or members' equity if a single-column format is used;
 - (b) The statement of revenues and expenses for all operating and reserve activities, presenting information about all assessments, revenues and expenses;
 - (c) A schedule comparing the details of the actual expenses of the association with the expenses budgeted for the association;
 - (d) Any changes in the fund balances to be presented on the statement of revenues and expenses if fund accounting is used; and
 - (e) A footnote which states that the association is in compliance with paragraph (b) of subsection 2 of [NRS 116.3115](#) and that reserve funds have not been used for daily maintenance.
2. Be prepared on a full accrual basis.
3. Be prepared by, or the preparation of the interim financial statements must be supervised by, a person with accounting knowledge and experience in the preparation of financial statements.
4. Be distributed monthly, promptly upon completion, to the treasurer of the association, the community manager and each member of the executive board

Audits of financial statements

NAC 116.453 Presentation and contents of interim financial statements subject to audit or review. ([NRS 116.31142](#), [116.31144](#), [116.615](#)) The financial statements of an association subject to an audit or review must be presented using fund accounting and must include, at a minimum:

1. An operating fund which reflects the accounting transactions surrounding the normal maintenance and service operations of the association; and
2. A reserve fund which reflects the accounting transactions pertaining to the long-term, major repair and replacement requirements of the association and the restrictions of its use as described in paragraph (b) of subsection 2 of [NRS 116.3115](#).

Signatures required for withdrawal

NRS 116.31153 Signatures required for withdrawals of certain association funds; exceptions.

1. Money in the reserve account of an association required by paragraph (b) of subsection 2 of [NRS 116.3115](#) may not be withdrawn without the **signatures of at least two members of the executive board** or the signatures of at least **one member of the executive board and one officer of the association who is not a member of the executive board**.

2. Except as otherwise provided in subsection 3, money in the operating account of an association may not be withdrawn without the signatures of at least one member of the executive board or one officer of the association and a member of the executive board, an officer of the association or the community manager.

3. Money in the **operating account** of an association may be withdrawn without the signatures required pursuant to subsection 2 to:

(a) Transfer money to the reserve account of the association at regular intervals;

(b) Make **automatic payments for utilities**;

(c) Make an electronic transfer of money to a state agency pursuant to [NRS 353.1467](#); or

(d) Make an electronic transfer of money to the United States Government, or any agency thereof, pursuant to any federal law requiring transfers of money to be made by an electronic means authorized by the United States Government or the agency thereof.

Electronic Signatures

NRS 116.31153 Signatures required for withdrawals of certain association funds; exceptions

4. An association may use electronic signatures to withdraw money in the operating account of the association if:

(a) The electronic transfer of money is made pursuant to a written agreement entered into between the association and the financial institution where the operating account of the association is maintained;

(b) The executive board has expressly authorized the electronic transfer of money; and

(c) The association has established internal accounting controls which comply with generally accepted accounting principles to safeguard the assets of the association.

5. As used in this section, “electronic transfer of money” has the meaning ascribed to it in [NRS 353.1467](#).

(Added to NRS by [1999, 2995](#); A [2009, 2927](#); [2011, 1879](#))

Board Members FYI

The board has a fiduciary obligation to act in the best interest of the association

Register: Each member of the executive board shall, within 90 days after his or her appointment or election, certify in writing to the association, on a form prescribed by the Administrator, that the member has read and understands the governing documents of the association and the provisions of this chapter to the best of his or her ability. (complete **Form 602**) **Declaration of Certification Common-Interest Community Executive Board Member**

Review : NRS116 NRS116a, NAC116, NAC116a

NRS 116.3102 Powers of unit-owners' association

NRS 116.41095 Required form of information statement (5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?)

Terms:

Clear understanding of common elements (NRS 116.2102)

Clear understanding of limited common elements (NRS 116.2108 Limited common elements)

Clear understanding what guidance should be listed in Bylaws (NRS 116.3106 Bylaws)

Records- Review

Contract with community manager

Contracts with vendors

Last time insurance policies reviewed

Last time reserve study completed (% funded)

Budget review/Financial health /complete an audit if necessary

Operating vs Reserve Accounts

Assessments review – any unpaid

Complaints against association/community manager from unit owners

All records accounted for if there has been any change in management companies

Understand collections policy

Unit Owners Relationship

Know rights and responsibilities of unit owners

Unit owners meetings-A meeting of the units' owners must be held at least once each year at a time and place stated in or fixed in accordance with the bylaws

Unit owners meeting minutes-Not more than 30 days after each such meeting

Request for records-upon the written request of a unit's owner, make available the books, records, including, without limitation: (NRS 116.31175 **Maintenance and availability of books, records and other papers of association**)

Elections-NRS 116.31034 **Election of members of executive board and officers of association**

Removal of member of board

Executive Board

Powers:

NRS 116.31031 Power of executive board to impose fines and other sanctions for violations of governing documents

NRS 116.310312 Power of executive board to enter grounds of unit to conduct certain maintenance or remove or abate public nuisance

Required Review

NRS 116.31144 Audit and review of financial statements

Meetings:

NRS 116.31083 Meetings of executive board; frequency of meetings (A meeting of the executive board must be held at least once every quarter, and not less than once every 100 days and must be held at a time other than during standard business hours at least twice annually.)

Minutes

Assessments/Fees

NAC 116.405 Executive board: Determination by Commission of whether members have performed their duties. ([NRS 116.3103](#), [116.615](#)) In determining whether a member of the executive board has performed his or her duties pursuant to [NRS 116.3103](#), the Commission may consider whether the member of the executive board has:

1. Acted outside the scope of the authority granted in the governing documents;
2. Acted for reasons of self-interest, gain, prejudice or revenge;
3. Committed an act or omission which amounts to incompetence, negligence or gross negligence;
4. Except as otherwise required by law or court order, disclosed confidential information relating to a unit's owner, a member of the executive board or an officer, employee or authorized agent of the association unless the disclosure is consented to by the person to whom the information relates;
5. Impeded or otherwise interfered with an investigation of the Division by:
 - (a) Failing to comply with a request by the Division to provide information or documents;
 - (b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or
 - (c) Concealing any facts or documents relating to the business of the association;
6. Kept informed of laws, regulations and developments relating to common-interest communities;
7. Cooperated with the Division in resolving complaints filed with the Division; and
8. Caused the association to:
 - (a) Comply with all applicable federal, state and local laws and regulations and the governing documents of the association;
 - (b) Uniformly enforce the governing documents of the association;
 - (c) Hold meetings of the executive board with such frequency as to properly and efficiently address the affairs of the association;
 - (d) Obtain, when practicable, at least three bids from reputable service providers who possess the proper licensing before purchasing any such service for use by the association;
 - (e) Consult with appropriate professionals as necessary before making any major decision affecting the association or the common elements;
 - (f) Deposit all funds of the association for investment in government securities that are backed by the full faith and credit of the United States or in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Securities Investor Protection Corporation or a private insurer approved pursuant to [NRS 678.755](#);
 - (g) Maintain current, accurate and properly documented financial records;
 - (h) Establish policies and procedures for the disclosure of potential conflicts of interest and the appropriate manner by which to resolve such conflicts;
 - (i) Establish policies and procedures that are designed to provide reasonable assurances in the reliability of financial reporting, including, without limitation, proper maintenance of accounting records, documentation of the authorization for receipts and disbursements, verification of the integrity of the data used in making business decisions, facilitation of fraud detection and prevention, and compliance with the applicable laws and regulations governing financial records;
 - (j) Prepare interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of the association is fairly presented in accordance with the provisions of [NAC 116.451](#) to [116.461](#), inclusive;
 - (k) Make the financial records of the association available for inspection by the Division in accordance with the applicable laws and regulations of this State;
 - (l) Cooperate with the Division in resolving complaints filed with the Division; and
 - (m) Adopt and fairly enforce the collection policies of the association.

(Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005; A by Comm'n for Common-Interest Communities & Condo. Hotels by R108-08, 4-20-2010)

NRS 116.3103 Power of executive board to act on behalf of association; members and officers are fiduciaries; duty of care; application of business-judgment rule and conflict of interest rules; limitations on power.

1. Except as otherwise provided in the declaration, the bylaws, this section or other provisions of this chapter, the executive board acts on behalf of the association. In the performance of their duties, the officers and members of the executive board are fiduciaries and shall act on an informed basis, in good faith and in the honest belief that their actions are in the best interest of the association. Officers and members of the executive board:

(a) Are required to exercise the ordinary and reasonable care of officers and directors of a nonprofit corporation, subject to the business-judgment rule; and

(b) Are subject to conflict of interest rules governing the officers and directors of a nonprofit corporation organized under the law of this State.

2. The executive board may not act to:

(a) Amend the declaration.

(b) Terminate the common-interest community.

(c) Elect members of the executive board, but unless the governing documents provide that a vacancy on the executive board must be filled by a vote of the membership of the association, the executive board may fill vacancies in its membership for the unexpired portion of any term or until the next regularly scheduled election of executive board members, whichever is earlier. Any executive board member elected to a previously vacant position which was temporarily filled by board appointment may only be elected to fulfill the remainder of the unexpired portion of the term.

(d) Determine the qualifications, powers, duties or terms of office of members of the executive board.

3. The executive board shall adopt budgets as provided in [NRS 116.31151](#).

(Added to NRS by [1991, 557](#); A [1993, 2364](#); [2001, 3193](#); [2003, 225](#); [2005, 2592](#); [2009, 1734](#), [2797](#); [2011, 2430](#))

NRS 116.31175 Maintenance and availability of books, records and other papers of association: General requirements; exceptions; general records concerning certain violations; enforcement by Ombudsman; limitations on amount that may be charged to conduct review.

1. Except as otherwise provided in subsection 4, the executive board of an association shall, upon the written request of a unit's owner, make available the books, records and other papers of the association for review at the business office of the association or a designated business location not to exceed 60 miles from the physical location of the common-interest community and during the regular working hours of the association, including, without limitation:

- (a) The financial statement of the association;
- (b) The budgets of the association required to be prepared pursuant to [NRS 116.31151](#);
- (c) The study of the reserves of the association required to be conducted pursuant to [NRS 116.31152](#); and
- (d) All contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party.

2. The executive board shall provide a copy of any of the records described in paragraphs (a), (b) and (c) of subsection 1 to a unit's owner or the Ombudsman within 21 days after receiving a written request therefor. Such records must be provided in electronic format at no charge to the unit's owner or, if the association is unable to provide the records in electronic format, the executive board may charge a fee to cover the actual costs of preparing a copy, but the fee may not exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.

3. If the executive board fails to provide a copy of any of the records pursuant to subsection 2 within 21 days, the executive board must pay a penalty of \$25 for each day the executive board fails to provide the records.

4. The provisions of subsection 1 do not apply to:

- (a) The personnel records of the employees of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;
- (b) The records of the association relating to another unit's owner, including, without limitation, any architectural plan or specification submitted by a unit's owner to the association during an approval process required by the governing documents, except for those records described in subsection 5; and
- (c) Any document, including, without limitation, minutes of an executive board meeting, a reserve study and a budget, if the document:
 - (1) Is in the process of being developed for final consideration by the executive board; and
 - (2) Has not been placed on an agenda for final approval by the executive board.

5. The executive board of an association shall maintain a general record concerning each violation of the governing documents, other than a violation involving a failure to pay an assessment, for which the executive board has imposed a fine, a construction penalty or any other sanction. The general record:

- (a) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine or construction penalty, the general record must specify the amount of the fine or construction penalty.
- (b) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the unit, if any, that is associated with the violation.
- (c) Must be maintained in an organized and convenient filing system or data system that allows a unit's owner to search and review the general records concerning violations of the governing documents.

6. If the executive board refuses to allow a unit's owner to review the books, records or other papers of the association, the Ombudsman may:

- (a) On behalf of the unit's owner and upon written request, review the books, records or other papers of the association during the regular working hours of the association; and
- (b) If the Ombudsman is denied access to the books, records or other papers, request the Commission, or any member thereof acting on behalf of the Commission, to issue a subpoena for their production.

7. The books, records and other papers of an association must be maintained for at least 10 years. The provisions of this subsection do not apply to:

- (a) The minutes of a meeting of the units' owners which must be maintained in accordance with [NRS 116.3108](#); or
- (b) The minutes of a meeting of the executive board which must be maintained in accordance with [NRS 116.31083](#).

8. The executive board shall not require a unit's owner to pay an amount in excess of \$10 per hour to review any books, records, contracts or other papers of the association pursuant to the provisions of subsection 1.

(Added to NRS by [1999, 2996](#); A [2003, 2245](#); [2009, 1737](#), [2807](#), [2894](#), [2928](#); [2011, 1879](#), [2451](#))

NRS 116.31175 Maintenance and availability of books, records and other papers of association: General requirements; exceptions; general records concerning certain violations; enforcement by Ombudsman; limitations on amount that may be charged to conduct review.

1. Except as otherwise provided in subsection 4, the executive board of an association shall, upon the written request of a unit's owner, make available the books, records and other papers of the association for review at the business office of the association or a designated business location not to exceed 60 miles from the physical location of the common-interest community and during the regular working hours of the association, including, without limitation:

- (a) The financial statement of the association;
- (b) The budgets of the association required to be prepared pursuant to [NRS 116.31151](#);
- (c) The study of the reserves of the association required to be conducted pursuant to [NRS 116.31152](#); and
- (d) All contracts to which the association is a party and all records filed with a court relating to a civil or criminal action to which the association is a party.

2. The executive board shall provide a copy of any of the records described in paragraphs (a), (b) and (c) of subsection 1 to a unit's owner or the Ombudsman within 21 days after receiving a written request therefor. Such records must be provided in electronic format at no charge to the unit's owner or, if the association is unable to provide the records in electronic format, the executive board may charge a fee to cover the actual costs of preparing a copy, but the fee may not exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter.

3. If the executive board fails to provide a copy of any of the records pursuant to subsection 2 within 21 days, the executive board must pay a penalty of \$25 for each day the executive board fails to provide the records.

4. The provisions of subsection 1 do not apply to:

- (a) The personnel records of the employees of the association, except for those records relating to the number of hours worked and the salaries and benefits of those employees;
- (b) The records of the association relating to another unit's owner, including, without limitation, any architectural plan or specification submitted by a unit's owner to the association during an approval process required by the governing documents, except for those records described in subsection 5; and
- (c) Any document, including, without limitation, minutes of an executive board meeting, a reserve study and a budget, if the document:
 - (1) Is in the process of being developed for final consideration by the executive board; and
 - (2) Has not been placed on an agenda for final approval by the executive board.